

[4310-MR-W]

DEPARTMENT OF THE INTERIOR

Minerals Management Service

Agency Information Collection Activities: Submitted for
Office of Management and Budget (OMB) Review; Comment
Request

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Notice of a revision of a currently approved
information collection (OMB Control Number 1010-0075).

SUMMARY: To comply with the Paperwork Reduction Act (PRA)
of 1995, we are submitting to OMB for review and approval an
information collection request (ICR), titled "Gas Processing
and Transportation Allowances." We are also soliciting
comments from the public on this ICR.

DATES: Submit written comments on or before [INSERT DATE 30
DAYS AFTER PUBLICATION IN THE **FEDERAL REGISTER**].

ADDRESSES: Submit written comments directly to the Office
of Information and Regulatory Affairs, OMB, Attention: Desk
Officer for the Department of the Interior (OMB Control
Number 1010-0075), 725 17th Street, NW, Washington, D.C.
20503. Also, submit copies of your written comments to
Carol Shelby, Regulatory Specialist, Minerals Management
Service, MS 320B2, P.O. Box 25165, Denver, Colorado 80225.

If you use an overnight courier service, MMS's courier address is Building 85, Room A-614, Denver Federal Center, Denver, Colorado 80225. You may also submit your comments at our email address mrm.comments@mms.gov. Include the title of the information collection and the OMB control number in the "Attention" line of your comment. Also include your name and return address. Submit electronic comments as an ASCII file avoiding the use of special characters and any form of encryption. If you do not receive a confirmation that we have received your email, contact Ms. Shelby at (303) 231-3151 or FAX (303) 231-3385.

FOR FURTHER INFORMATION CONTACT: Carol Shelby, Regulatory Specialist, telephone (303) 231-3151, FAX (303) 231-3385, email Carol.Shelby@mms.gov.

SUPPLEMENTARY INFORMATION:

Title: Gas Processing and Transportation Allowances.

OMB Control Number: 1010-0075.

Bureau Form Number: Forms MMS-4109 and MMS-4295.

Abstract: The Department of the Interior (DOI) is responsible for matters relevant to mineral resource development on Federal and Indian Lands and the Outer Continental Shelf (OCS). The Secretary of the Interior (Secretary) is responsible for managing the production of minerals from Federal and Indian lands and the OCS; for

collecting royalties from lessees who produce minerals; and for distributing the funds collected in accordance with applicable laws. The Secretary also has an Indian trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. MMS performs the royalty management functions for the Secretary.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of gas from Indian lands, that company or individual agrees to pay the Indian tribe or allottee a share (royalty) of the value received from production from the leased lands. Royalty rates are specified in the lease instrument. To determine whether the amount of royalty tendered represents the proper royalty due, it is first necessary to establish the proper value of the gas that is being sold or otherwise disposed of in some other manner, as well as the proper costs associated with allowable deductions.

The lease creates a business relationship between the lessor and the lessee. The lessee is required to report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is similar to data which are reported to private and public mineral interest owners and are generally available within the records of the lessee or others involved in developing,

transporting, processing, purchasing, or selling of such minerals. The information collected includes data necessary to assure that the royalties that are computed and paid are appropriate.

The product valuation and allowance determination process is essential to assure that Indians receive payment on the proper value of the minerals removed from tribal and allottee land. To determine whether the amount of royalty tendered represents the proper royalty due, it is necessary to establish the proper value of the gas and gas plant products sold, or otherwise disposed of. Of equal importance is the proper determination of costs associated with the allowable deductions from the value of gas and gas plant products.

Under certain circumstances, lessees are authorized to deduct from royalty payments the reasonable actual costs of transporting the royalty portion of produced minerals from the lease to a processing or sales point not in the immediate lease area. Transportation allowances are a part of the product valuation process that MMS uses to determine if the lessee is reporting and paying the proper royalty amount. In addition, when gas is processed for the recovery of gas plant products, lessees may claim a processing allowance. MMS normally will accept the cost as stated in

the lessee's arm's-length processing contract as being representative of the cost of the processing allowance. In those instances where gas is being processed through a lessee-owned plant, the processing costs are based upon the actual plant operating and maintenance expenses, depreciation, and a reasonable return on investment. The allowance is expressed as a cost per unit of individual gas plant products. Processing allowances may be taken as a deduction from royalty payments. These regulatory provisions may be found at 30 CFR 206, subpart E.

Submission of Forms MMS-4109 and MMS-4295 is necessary when claiming a gas processing or transportation allowance on an Indian lease. MMS is requesting OMB approval for minor revisions necessary to make Forms MMS-4109 and MMS-4295 compatible with our reengineered financial and compliance systems. Proprietary information that is submitted is protected, and there are no questions of a sensitive nature included in this information collection.

Frequency: Annually.

Estimated Number and Description of Respondents: 65 Indian lessees.

Estimated Annual Reporting and Recordkeeping "Hour"
Burden: 750 hours. In estimating the burden, we assumed that respondents perform certain functions, such as records

maintenance, in the normal course of their business activities. These functions are considered usual and customary and therefore are not listed in the following estimate even though records maintenance is an MMS regulatory requirement. The following chart lists the components of the burden estimate.

Citation	Reporting Requirement	Burden Hour per Line	Annual Number of Lines	Annual Burden Hours
§ 206.178 (b)(1)(ii)	You must submit the actual cost information to support the allowance to MMS on Form MMS-4295, Gas Transportation Allowance Report, within 3 months after the end of the 12-month period to which the allowance applies.	1/4 hour	2,400	600
§ 206.180 (b)(1)(ii)	You must submit the actual cost information to support the allowance to MMS on Form MMS-4109, Gas Processing Allowance Summary Report, within 3 months after the end of the 12-month period for which the allowance applies.	1/4 hour	600	150
Total			3,000	750

Estimated Annual Reporting and Recordkeeping "Non-hour Cost"

Burden: We have identified no "non-hour cost" burden.

Comments: Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3501, et seq.) requires each agency "* * * to provide notice * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *." Agencies must specifically solicit comments to (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b)

evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with public consultation requirements, on April 6, 2001, we published a Federal Register notice (66 FR 18295) announcing that we would submit this ICR to OMB for approval. The notice provided the required 60-day comment period. We received one comment. We responded to the comment in our ICR submission for OMB approval. We have posted a copy of the ICR at our Internet web site http://www.mrm.mms.gov/Laws_R_D/FRNotices/FRInfColl.htm. We will also provide a copy of the ICR to you without charge upon request.

If you wish to comment in response to this notice, please send your comments directly to the offices listed under the **ADDRESSES** section of this notice. OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive your comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE **FEDERAL REGISTER**]. The PRA provides that an agency may not conduct

or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Public Comment Policy: We will post all comments received in response to this notice on our Internet web site at http://www.mrm.mms.gov/Laws_R_D/InfoColl/InfoColCom.htm for public review. We also make copies of these comments, including names and home addresses of respondents, available for public review during regular business hours at our offices in Lakewood, Colorado.

Individual respondents may request that we withhold their home address from the record, which we will honor to the extent allowable by law. There may be circumstances in which we would withhold from the record a respondent's identity, as allowable by the law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of your comments. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

MMS Information Collection Clearance Officer: Jo Ann Lauterbach, telephone (202) 208-7744

Date

Lucy Querques Denett
Associate Director for
Minerals Revenue Management